23 Suptember 1954

MEMORANDAM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJUCT: Notivetions and Probable Lines of Folley of Munica-France vie-e-vie Correct Rousesement

- 1. We estimate that handes-France sincerely believes that economic and model reforms are fundamental to a revitalisation of France, and that all other considerations must be subordinated to achieve that goal. Insisting that France has undertaken exectments beyond the strongth, he has follow his amounted policy of liquidating such condiments by pres ing the French Associaty with the monomity of making clear, if distantered, decisions. Moreover, he has attached with vigor those questions which divide the nation and stand in the very of progress on what he regards as the fundamental problems of se. He believes binself most fitted to cope with those problems and is determined to remain in the position to do so. However, he remains in office on the basis of a heterogeneous majority which loower him little room for manager.
- 2. Mandon-France acted on MDC within the frame of Mic ennement policy and elthough it is possible that stainter witerfor notives (e.g., a deal over Indochina) are responsible for his week presentation of and flight for IN before the Chamber, we believe that his notion is more planeably explained otherwise. No probably estimated that no matter how much he worked for NDC he exalt not master the votes, and that a defeat in this matter would jeoperaise his chances of staying in power, let alone his chances of success with respect to his all-important program of economic refers. With respect to the general problem of Cornery, he has publicly stated that an unsermed, neutral status for Corner to unobtainable and that Corner rearmment is inevitable, with or without French control.
- 3. At London, we believe that Mundes-France, oven if only to preserve his political position against attacks from the "pro-Duropeons" in the Assembly, will try to reach an agreement on general principles. Such an agreement probably would leave vital quantions unresolved, but might permit the envisoped month-long negotiations by experts to proceed. However, the

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STATION: Notinetions and Probable Lines of Folicy of Mondon-France vis- -- vis Consen Boarsecont

- I. We estimate that Hasies-France sincerely indicates that economic and economic and reference are fundamental to a reviscalisation of France, and that all other considerations and be subordinated to echieve that goal. Insisting that France has undertaken considerable begand its strength, he has followed his summanded policy of liquidating and considerate by presenting the France income the necessity of making large if distributed, decisions. Moreover, he has attacked with vigor those questions which divide the mation and strength in the way of progress or what he regards as the fundamental prolices of france. He has a believes himself most fitted to eape with those problems and is determined to remain in the position to do so.

 Involver, he related in office or the leader of a beterrogree as an entiry what Toward in efficiency that the meaning of a beterrogree as
- 2. Norther-Transce acted on TTO within the frame of his appearanced policy and although it to possible that altrictor alteriar actives (e.g., a deal over Interime) are responsible for his work presentation of and fight for TDO before the Eventual, we believe that his action is now plausible explained coloration. He probably estimated that as matter has not he worked for DO he could not master the votes, and that a defeat is this action would josperdise his chances of eleging in power, let alone his chances of success with respect to his all-important program of economic reform. With respect to the general problem of Germany, he has sublicely stated that an unarmed, natural status for Germany is unobtainable and that German recommend in inswitchis, with or without France control.
- 3. At Tenton, we believe that Tendes-France, even if only to preserve the political position against attacks from the Tyro-Duropeens in the Australy, will try to reach an agreement or general principles. Such an agreement probably would have vital questions unrealwest, but might persit the environment renth-long repolicitions by expects to product. However, the

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French are likely to insist on certain conditions, such as making the Bruscels and North Atlantic treaties co-terminous; obtaining a UK military commitment via the Brussels Past; and controlling the levels of West German forces and armaments. The problem of the Sear may also prove an obsteele to Prench agreement to any early nettlement on West Germany,

> SHEEDSAN KEMP Assistant Director Matienal Estimates

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